

**DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • [WWW.CALRECYCLE.CA.GOV](http://WWW.CALRECYCLE.CA.GOV)

June 3, 2010

Ben Cherry  
Universal Waste Management, Inc.  
721 37th Avenue  
Oakland, CA 94601

RE: FINAL AUDIT REPORT – UNIVERSAL WASTE  
MANAGEMENT, INC. (CEWID 104462)

Dear Mr. Cherry:

Enclosed is the final audit report of Universal Waste Management, Inc., regarding the Covered Electronic Waste Recovery and Recycling Program. The audit was planned and performed to determine conformance with the regulations resulting from the Electronic Waste Recycling Act of 2003. The period of review for this audit was January 1, 2008 through December 31, 2008.

The audit disclosed the following finding/s:

1. Incomplete Shipments of Glass and All Resulting Treatment Residuals Report
2. Missing Receiving Log

The response by Universal Waste Management, Inc. to the draft audit report on May 11, 2010, along with the evaluation of the response is included in this final report. The response did address your corrective action to the findings.

(Over)




Ben Cherry  
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A copy of this letter is being forwarded to the Covered Electronic Waste Recovery and Recycling Program for information and any necessary action, if required.

Please contact Brandon Smith, Auditor, at (916) 324-6850 or [brandon.smith@calrecycle.ca.gov](mailto:brandon.smith@calrecycle.ca.gov) with any questions regarding this report.

Sincerely,



Susan R. Villa, Chief  
Fiscal Services Branch  
Administration and Finance Division

Enclosure

cc: Jeff Hunts, Manager, E-Waste Branch, CalRecycle  
Brandon Smith, Auditor, Audits and Evaluations Unit, CalRecycle  
CalRecycle Audits and Evaluations Unit File

**AN ELECTRONIC WASTE AUDIT**

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**Universal Waste Management, Inc.**

**Electronic Waste Recovery and Recycling Account**

**Final Audit Report**

**Recycler Payment Claim: Claim 941**

**For the Period January 1, 2008  
Through December 31, 2008**

**Prepared By:  
Department of Resources Recycling and Recovery  
Audits and Evaluations Unit**

**June 2010**

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## **FINAL AUDIT REPORT**

### **Universal Waste Management, Inc. (CEWID 104462) Covered Electronic Waste Recovery and Recycling Program**

#### **SUMMARY**

The Department of Resources Recycling and Recovery (CalRecycle) processed and paid a claim, in the amount of \$118,919.52, submitted by Universal Waste Management, Inc. (UWMI); an electronic waste recycler. The payments issued by CalRecycle are funded by the Electronic Waste Recovery and Recycling Account.

Audits and Evaluations Unit auditor, Brandon Smith, reviewed records related to the appropriateness of expenditures of Electronic Waste Recovery and Recycling Account, for the period of January 1, 2008 through December 31, 2008.

#### **BACKGROUND**

UWMI, an approved recycler for the Electronic Waste Recovery and Recycling Program, has participated in covered electronic waste (CEW) recovery and recycling since April 18, 2006. UWMI began as an approved collector and expanded to an approved recycler on January 8, 2007. UWMI business operations and records are located at 721 37<sup>th</sup> Avenue, in Oakland, California. UWMI accepts and recycles all types of electronics, clothing, and other wastes. UWMI provides four (4) opportunities for the community to recycle their electronic items through collection events, drop off, business pick-up, and residential pick-up.

UWMI's client base consists primarily of residents, schools and school districts, and commercial business. The Net Cost Report of CMR states 52% CEW recovery from residents and individuals, 36% from commercial business, and 22% from institutional.

#### **OBJECTIVE, SCOPE, AND METHODOLOGY**

The audit was conducted to determine whether UWMI complied with CEW reporting, recordkeeping, and payment requirements, as specified by the California Public Resources Code Section 42460, et seq., and the California Code of Regulations (CCR), Title 14, Chapter 8.2.

The audit scope included, but was not limited to, an evaluation of the integrity of electronic waste recycling claims submitted to CalRecycle for payment, and an assessment of operational and regulatory compliance by the recycler.

The audit was conducted in accordance with *Government Auditing Standards*. The standards require that the audit was planned and performed to obtain sufficient and appropriate evidence to provide a reasonable basis for the finding(s), if any, and conclusion based on the audit objective.

## **CONCLUSION**

The audit disclosed instances of noncompliance with the requirement outlined above. These instances are described in the accompanying Findings and Recommendations section of this report.

## **VIEW OF RESPONSIBLE OFFICIAL**

CalRecycle issued a draft report on April 8, 2010. Ben Cherry, Vice President, responded to the report agreeing with the findings disclosed.

## **RESTRICTED USE**

This report is intended for the information and use of CalRecycle and UWMI management. However, this report is a matter of public record and distribution is not limited.



## **FINDINGS AND RECOMMENDATIONS**

### **Finding 1 - Incomplete Shipments of Glass and All Resulting Treatment Residuals Report**

The auditor found the claim documentation had an incomplete Shipments of Glass and All Resulting Treatment Residuals Report. Shipment of glass were recorded, however, all other treatment residuals were missing.

Title 14, CCR, Section 18660.24(h) states, "In addition to the documentation required in subsection (g), an approved recycler shall attach to the payment claim a description and qualification of the disposition of other treatment residuals derived from cancellation of the CRT-containing CEWs, including but not limited to metals, plastics, fibers and wood."

Shipments of Glass and All Resulting Treatment Residuals Reports are used to summarize and list the accompanying bill of lading attached to the claim. These reports assist in the review process of submitted claims. Failure to create and submit these reports result in extended claim review and payment.

#### **Recommendation**

The auditee should attach a completed Shipments of Glass and All Resulting Treatment Residuals Report that includes but is not limited to glass, metals, plastics, fibers and wood.

#### **Auditee's Response**

UWMI agrees with the finding and recommendation.

### **Finding 2 - Missing Receiving Log**

The auditor found the claim documentation did not include a Transfer Summary (receiving log).

Title 14, CCR, Section 18660.22(d) (1) states, "An approved recycler shall attach all of the following to the payment claim:

- (1) For all CEWs received from collectors during the claim activity period that are cancelled and included in the current claim, a report that includes:
  - (A) A list of approved collectors from which the transfers of CEWs were accepted with the name and proof of approval identification number of each.

- (B) The total weight of CEWs in all loads transferred from each approved collector. Note that this weight may not equal the weight claimed for recycling payment because recovery payments are made on the weight of all CEWs transferred while recycling payments are made on the weight of only those CEWs cancelled.

Transfer Summaries are used to summarize and list the accompanying transfer receipts attached to the claim. These summaries assist in the review process of submitted claims. Failure to create and submit these summaries result in extended claim review and payment.

#### Recommendation

The auditee should attach a receiving log that includes all transfers made to the recycler, including internal transfers.

#### Auditee's Response

UWMI agrees with the finding and recommendation.





Mr. Brandon Smith, Auditor  
Department of Resources Recycling and Recovery  
PO Box 4025 MS 19A  
Sacramento, CA 95812-4025

Dear Mr. Smith,

This letter is a written response for the audit conducted at Universal Waste Management, Inc. During that audit, you had (2) two findings that we will address below.

Finding 1- UWM shall attach completed Bills of lading/Recycling reports for all shipments of treatment residuals, not just for shipments of glass.

Finding 2- UWM had not been completing a receiving log since they were not working with any other collectors within the program. UWM shall complete receiving logs into the future.

We hope to restart recycling activities in the near future and will utilize the learning's from our audit going forward.

Yours truly,

A handwritten signature in blue ink, appearing to read "Ben W. Cherry", is written over the typed name. The signature is stylized with large, looping letters.

Ben W. Cherry

